Strategic Priorities - Summary of stakeholder submissions on Discussion paper

Area	Goal (if applicable)	Issue	Stakeholder(s)	Response
Consumer	Efficient pricing and affordability	Energy literacy is low, creating problems for consumer engagement and affecting their price outcomes.	PIAC (p. 4); Energy Queensland (pp. 6–7).	Reflected in Consumer section of final advice.
Consumer	Efficient pricing and affordability	Consumers who cannot or choose not to engage in the energy market should still have be able to access fair and reasonable energy services and be protected from practices which punish this lack of engagement through higher retail rates and missing out on possible discounts.	PIAC (p. 5).	Reflected in Consumer section of final advice.
Consumer	Efficient pricing and affordability	The discussion paper takes too limited a view of affordability that centres on price and contract structures. Energy use and waste are also important.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 14).	The need for broader energy efficiency outcomes is reflected in section 4 (“gaps” identified).
Consumer	Information	Barriers to energy data should be removed, at least for some consumers.	PIAC (p. 5); Energy Queensland (p. 3)	Reflected in Consumer section of final advice.
Consumer	Information	Availability of advanced metering should be prioritised.	Energy Queensland (p. 6).	Reflected in Consumer section of final advice.
Consumer	Information	Consistent language/ terminology/better information would make it easier for consumers to be informed to make choices about energy products and services.	Energy Queensland (p. 8); Australian Institute of Refrigeration Air Conditioning and Heating (p. 14)	Reflected in Consumer section of final advice.

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Consumer	Engagement and participation	Energy efficiency can reduce bills and peak demand.	Energy Efficiency Council (p. 7).	The need for broader energy efficiency initiatives is reflected in section 4 (“gaps” identified).
Consumer	Engagement and participation	Energy Efficiency schemes and other government incentives and programs would benefit from including demand management in their remit.	Energy Queensland (p. 8).	The need for broader energy efficiency outcomes is reflected in section 4 (“gaps” identified). Demand management schemes are noted in the detailed views of consumer, system security and networks.
Consumer	Engagement and participation	Demand management should not be a priority. The market will ensure demand for these services are met.	Alinta Energy (pp. 1, 4).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.
Consumer	Engagement and participation	The energy sector should develop policy and reward schemes to promote industry investment in distributed energy generation and on-site energy storage systems.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 2).	Reflected in system security section.
Consumer	Engagement and participation	A national market for energy efficiency certificates generated by state and territory based energy efficiency schemes should be created / jurisdictional energy efficiency schemes should be harmonised and extended to other jurisdictions.	Australian Institute of Refrigeration Air Conditioning and Heating (pp. 14, 21); Energy Efficiency Council (p. 15).	Not reflected in the final advice. Proposals to harmonise arrangements are reflected in the governance section of the advice.
Consumer	Engagement and participation	There should be consideration/engagement with other relevant portfolio areas such as housing, and with state, territory and local	ENA (p. 6); AGL (p.9).	Reflected in the consumer section of the advice.

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		government. This will assist low-income households/vulnerable consumers.		
Consumer / Other	Engagement and participation	There is an over-investment in energy supply and under-investment in demand side measures, for example, energy efficiency.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 7); Energy Efficiency Council (pp. 1–2, 11).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.
Consumer	Protection	An effective approach to the NECF providing consumer protection in the context of new and emerging services is to provide a level of protection based on the potential impact to the consumer from losing access to the service.	PIAC (p. 5).	This can be reflected in any detailed analysis of the work required to harmonise consumer protections.
Consumer	Protection	The regulatory framework should enable the development of innovative products, technologies and/or services.	AGL (p. 9); Energy Queensland (p. 8); Jemena (pp. 7–8).	A number of innovative programs are noted in the consumer, effective markets and governance sections of the advice.
Consumer / Effective markets and regulation	Protection	The regulatory framework should facilitate digital engagement and service providers to quickly bring new products and services to market that consumers value. It should promote competitive neutrality and allow existing and emerging business models to compete on their merits.	AGL (p. 9).	A number of innovative programs are noted in the consumer, effective markets and governance sections of the advice. To the extent that the regulatory framework prevents specific initiatives, then rule or law changes can be suggested.
Consumer / System security / Effective markets	Engagement and participation / An adaptable and flexible system / Market participation	Increased levels of energy efficiency, demand response and cogeneration would help respond to every aspect of the 'energy trilemma' (i.e. it would improve security and affordability while	Energy Efficiency Council (p. 7).	The need for broader energy efficiency outcomes is reflected in section 4 ("gaps" identified). Demand management is recognised as being able to contribute to consumer

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		reducing emissions).		outcomes, system security and networks.
Integration of energy and emissions policies		Supports integration of energy and emissions policies/goals associated with integration of energy and emissions policies	PIAC (p. 6); ENA (p. 6); AGL (p. 2); Australian Institute of Refrigeration Air Conditioning and Heating (p. 10).	Reflected in the section on integrating environment and energy policy.
Integration of energy and emissions policies		Emissions reduction for energy should be technology neutral.	ENA (p. 7); Jemena (p. 4); AGL (p. 5).	The principles underpinning such mechanisms were described in the Discussion paper, and included technology neutrality.
Integration of energy and emissions policies		Gas is crucial (or can assist) in achieving low emissions.	ENA (p. 8); Australian Gas Infrastructure Group (p. 3).	The technical characteristics of generators, the price of fuel, and the level of emissions targets will influence the specific role of different generation technologies.
Integration of energy and emissions policies		Transmission interconnection and battery storage are vital to creating a low emissions future. This will support greater intermittent generation through geographic diversity, lower prices and greater security and emissions reduction.	ENA (pp. 7–8).	The need for transmission and distributed energy resources to be linked is reflected in the networks section of the advice.
Integration of energy and emissions policies / Reliability		The three year notice of closure requirement for all large generators is a critical complementary policy mechanism that must be included in the design principles for an emissions reduction policy.	AGL (p. 5).	The principles underpinning such mechanisms were described in the Discussion paper, including the need for consistency over time.
Integration of energy and	A sustainable national emissions	Development of emissions reduction policy for energy is important for	Snow Hydro (p. 3); Hydro Tasmania (p. 4); AusNet	Reflected in the section on integrating

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emissions policies	reduction strategy / A credible long-term emissions reduction mechanism	investment/reducing uncertainty (including for energy efficiency initiatives).	Services (p. 2); Jemena (p. 4); Australian Institute of Refrigeration Air Conditioning and Heating (p. 10); AGL (p. 5); Alinta Energy (p. 1).	environment and energy policy.
Integration of energy and emissions policies	Coordinated emissions reduction trajectory for the NEM	Supports a national/coordinated approach to emissions reduction.	Snowy Hydro (p. 3); Jemena (p. 4); AGL (p. 5).	Reflected in the section on integrating environment and energy policy.
System security / Reliability		AEMC should give further consideration to the role of hydropower in maintaining system security and reliability.	Hydro Tasmania (p. 4); Snowy Hydro (pp. 1, 4).	Noted.
System security / Reliability		COAG Energy Council and market institutions could pursue a work program which quantifies the value which consumers place on the current levels of security and reliability as well as the incremental costs (and benefits) of any increase or decrease in this level.	PIAC (p. 6).	Reflected in the reliability section of the advice.
System security / Gas		Diversifying the energy mix is key to energy security. For gas, adequate supply must be made available to market from a variety of sources to underpin a well-functioning and liquid wholesale market.	Australian Gas Infrastructure Group (p. 2).	The technical characteristics of gas generators, the price of gas, and the level of emissions targets will influence the specific role of gas in system security and the market more broadly.
System security / Reliability / Effective		The proliferation of DER within a broader generation mix will require coordinating those assets in order to maximise the benefit to the primary and ancillary	AGL (pp. 6–7).	Reflected in the system security section of the final advice.

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markets and regulation		wholesale markets.		
System security / Reliability		Interconnectors are important for reliability and/or security.	Hydro Tasmania (p. 6); Snowy Hydro (p. 4); ENA (p. 7).	Noted.
System security / Effective markets	Frequency control/System strength	Incentives could allow existing plants to increase their ability to maintain system security through greater inertia or FCAS / Supports price signals for inertia and frequency response	Hydro Tasmania (p. 5); Alinta Energy (p. 1); Snowy Hydro (p. 2).	Reflected in the system security section of the final advice.
System security	Frequency control/System strength	It may be appropriate to allow the AEMC's newly approved arrangements for minimum levels of inertia to be operationalised and to work as envisaged for a period.	ENA (p. 9).	Noted.
System security / Reliability / Effective markets and regulation		Accommodating greater levels of variable generation should involve the use of existing and new supplementary markets to improve security, reliability and system resilience.	AGL (p. 6).	Reflected in the system security, reliability and effective markets sections of the final advice.
System security		Consideration should be given to an appropriate, nationally consistent and enforceable mechanism to provide visibility of intending generator connections.	Energy Queensland (p. 9).	The need for data on distributed energy resources is reflected in the system security section of the advice.
System		The AEMC should be mindful of the potential risks to the power system	Energy Queensland (p. 10).	Reflected in the system security section of

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security		resulting from other external factors, such as climate change and geomagnetically induced currents, which have the potential to result in wide-scale impacts to the electricity grid.		the final advice.
System security	An adaptable and flexible system	Distributed energy resources need to be controlled to avoid widespread overload and/or technical constraints on the distribution network.	ENA (p. 11).	Reflected in the system security section of the final advice.
System security	An adaptable and flexible system	Resilience should be a key consideration. One energy policy goal could be to turn every building into a distributed energy generation and storage device and incentivise every building to be energy efficient.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 13).	The need for broader energy efficiency outcomes is reflected in section 4 (“gaps” identified).
Reliability		The AEMC should be mindful of the interactions of ongoing developments with respect to distributor reliability in undertaking its initiatives. For example, Energy Queensland operates under a Service Target Performance Incentive Scheme (STPIS), which is administered by the AER. The primary purpose of the STPIS is to provide incentives to distribution networks to maintain the existing level of supply reliability and to improve the reliability of supply where customers are willing to pay for these improvements.	Energy Queensland (p. 11).	The reliability frameworks review assesses the trade-off between the level of reliability and the costs of achieving it.

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Reliability / Integration of energy and emissions policies		It is worth considering integrating the 'generator reliability concept' with the CET. Such integration could take the form of a requirement on new variable generators to demonstrate the provision of contracts to support adequate availability of risk mitigation tools in a decarbonised energy system.	AGL (p. 5).	This is similar to the concepts underpinning the national energy guarantee, which is noted as a proposal before the COAG EC.
Reliability	Efficient market-based approach	Technology neutral and market based solutions should be explored in the first instance before prescriptive options such as the Generator Reliability Obligation.	Hydro Tasmania (p. 5).	Reflected in the reliability section of the final advice.
Reliability	Appropriate intervention mechanisms	There may be potential for further value to be gained from the market operator and third parties having greater access to the existing demand response capabilities that distribution businesses have for market reliability purposes.	Energy Queensland (p. 11).	Reflected in the system security and effective markets sections of the final advice.
Reliability	Appropriate intervention mechanisms	The intended scope of the proposed mechanisms for AEMO to intervene into and correct perceived or real market failures should be clarified. It should be used only in circumstances where it can be demonstrated that reliance on the existing market-based process would likely result in outcomes that would compromise the immediate security or reliability of the energy system or market.	Jemena (p. 6).	The work program reflected in the reliability section of the final advice covers these considerations.
Effective		An efficient deployment and use of DER	AGL (p. 9).	Demand management is recognised as

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markets and regulation		will enable co-optimisation across DER's multiple uses and value streams. Competition and innovation in technology and business models are the primary means for meeting this co-optimisation challenge and aligning the interests of energy service providers with those of the customers they serve.		being able to contribute to consumer outcomes, system security and networks.
Effective markets and regulation		Accommodating greater levels of variable generation should involve the introduction of incentives to ensure that intermittent generation sources become firm and dispatchable.	AGL (p. 6); ENA (p. 7).	Noted.
Effective markets	Market participation	The level of demand response in the NEM is much lower than the potential for it in Australia and compared to other key economies. For example, in New Zealand, 75 per cent of FCAS is provided through demand response, whereas in the NEM less than 2 per cent of FCAS is provided through demand response.	Energy Efficiency Council (p. 9).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.
Effective markets	Market participation	There should be a mechanism to provide clear, transparent and stable payments for demand response.	Energy Efficiency Council (p. 14).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.
Effective markets and regulation	Market participation	Demand response can provide energy capacity and FCAS. Its availability, speed, and affordability (i.e. it is relatively inexpensive) make it an essential part of this mix.	Energy Efficiency Council (p. 7).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.

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Effective markets and regulation	Transparent and efficient prices	Retail markets send crude signals to consumers: high fixed charges and flat tariffs do not reward consumer action.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 7); Energy Efficiency Council (p. 12).	Initiatives to improve customer information and pricing signals are noted in the consumer section of the advice.
Effective markets and regulation	Transparent and efficient prices	Wholesale energy markets do not adequately reward some services such as voltage, frequency management and availability to manage peak demands.	Australian Institute of Refrigeration Air Conditioning and Heating (p. 7).	The development of new markets is noted in the system security, reliability and effective markets sections of the advice.
Effective markets / System security / Consumer / Reliability		The most urgent issue for both security and affordability in the NEM is the deployment of demand response for emergency capacity, FCAS and affordable peak demand.	Energy Efficiency Council (pp. 2, 11).	Demand management is recognised as being able to contribute to consumer outcomes, system security and networks.
Networks		The discussion paper relating to the Networks chapter doesn't adequately consider interconnection in the NEM.	Hydro Tasmania (p. 6); TransGrid (p. 1).	Noted.
Networks		Some Finkel Review recommendations are not adequately reflected in the Networks chapter of the discussion paper.	TransGrid (pp. 1–2); ENA (p. 12).	All Finkel recommendations are in the detailed work-plan but may not have been reflected in the Discussion paper.
Networks	Efficient regulation of monopoly infrastructure	Reviewing the regulatory framework around non-network solutions must consider transmission network service providers.	PIAC (p. 7).	The need to coordinate transmission and generation investment is reflected in the networks section of the advice.
Networks	Efficient regulation of monopoly	It is timely for a comprehensive review of the process for connecting and	Energy Queensland (p. 14).	The need for data on distributed energy resources is reflected in the system

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	infrastructure	managing generators under the NER.		security section of the advice.
Networks	Efficient regulation of monopoly infrastructure	It is timely for a review of market classifications for embedded generators and associated thresholds to address technical issues currently impacting networks.	Energy Queensland (p. 14).	The need for data on distributed energy resources is reflected in the system security section of the advice. Recommendation for review is noted.
Networks	Efficient regulation of monopoly infrastructure	A binding rate of return guideline heightens the risk of regulatory errors slipping into price reviews that will be detrimental to the long-term interests of consumers and infrastructure investment.	Jemena (p. 8).	Noted.
Networks	Efficient regulation of monopoly infrastructure	Network businesses should make available sufficient and useful data about the characteristics and location of network needs and the costs of alternative network investments to facilitate the development of viable competitive products which address network needs.	AGL (p. 9).	Noted.
Networks / Consumer		Consumers without the ability to adopt DER are left to bear a disproportionate share of remaining network costs.	AGL (p. 11); ENOVA (p.2).	Initiatives to improve consumer affordability are reflected in the consumer section of the advice.
Networks / Effective markets and regulation	Evolution of networks as efficient platforms for energy services / Market reforms to facilitate and adapt to change / Market	The grid should provide a two-way energy platform upon which competing energy service providers can build their product and service offerings.	AGL (p. 9).	Reflected in the networks section of the advice.

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	participation			
Networks	Evolution of networks as efficient platforms for energy services	Prioritisation should be given to development of a clear transition path (including milestones and accountabilities) from the current state to the anticipated future state of distribution system operation.	Energy Queensland (p. 13).	The need for data on distributed energy resources and a clear process for integrating them into the NEM is reflected in the system security section of the advice.
Gas	Access to efficiently priced gas	Consideration should be given to vast distances between demand centres and supply and how this affects achieving truly efficient liquid gas markets.	Hydro Tasmania (p. 6).	Gas liquidity is being monitored. See the gas section of this advice.
Gas	Access to efficiently priced gas	There is a strong need to support a science-based approach to natural gas exploration and production activities, including the removal of moratoriums on gas exploration in order to increase gas supply to market.	Australian Gas Infrastructure Group (p. 3).	The is reflected in the gas section of this advice.
Gas	Market information / Gas market reforms	We encourage consideration of the reforms introduced by Ofgem to improve the liquidity of Australia's wholesale gas market, so that the gas industry can fully support Australia's transition to a low carbon economy by providing reliable, base load energy at an affordable price.	Australian Gas Infrastructure Group (p. 5).	The liquidity arrangements in the gas market were considered as part of the East Coast Gas Review. The technical characteristics of gas generators, the price of gas, and the level of emissions targets will influence the specific role of gas as a transitional fuel.
Governance		The principles underpinning strong governance would include adequate consultation, transparency, and demarcation of institutional roles.	Snowy Hydro (p. 5).	Reflected in the governance section of the advice.

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Governance		The discussion paper includes a useful list of initiatives and identifies how they should be measured and monitored. This should be further developed to include who owns each initiative, who will monitor progress, and to link initiatives back to the strategic priorities. The ESB would be well-placed to provide oversight of this document; a workplan. The ESB should monitor progress on specific initiatives and hold initiative owners to account.	Grattan Institute (p. 1).	This is reflected in the summary views and governance sections of this advice.
Governance	Leadership and strategic direction	The strategic priorities should be owned by the COAG Energy Council. The COAG Energy Council could monitor progress towards achieving the strategic priorities and report back as part of their new annual public report.	Grattan Institute (p. 5).	The AEMC, ESB and COAG EC have roles in monitoring and reporting on progress on strategic priorities. See the governance section of the advice.
Governance / Other	Leadership and strategic direction	COAG Energy Council should establish a separate Energy Productivity Taskgroup to consider a broad range of energy management issues.	Energy Efficiency Council (p. 2).	The need for broader energy efficiency outcomes is reflected in section 4 (“gaps” identified).
Governance / Other	Leadership and strategic direction	A national energy efficiency and productivity agency should be established.	Energy Efficiency Council (pp. 2–3).	The need for broader energy efficiency outcomes is reflected in section 4 (“gaps” identified).
Governance	Role clarity and coordination / Responsiveness to market changes	There should be clarity on how the ESB will work with the AEMC in fast-tracking rule-making on critical reliability and security of supply issues. Any proposed	Energy Queensland (p. 14).	The proposal to introduce a mechanism by which a proposed Rule recommended by the ESB, once it has the unanimous support of the COAG Energy Council, can

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		accelerated ESB rule-making mechanism should be confined to exceptional circumstances only, i.e. for urgent and critical implementation issues flowing from the Finkel review; conducted with an appropriate level of transparency; and undertaken in open consultation with stakeholders.		be made by the South Australian Minister for Mineral Resources and Energy under the National Electricity Law (NEL), National Energy Retail Law (NERL) or National Gas Law (NGL), as appropriate is yet to be enacted. The concern for transparent process and consultation with stakeholders in this process, if enacted, is noted.
Governance	Responsiveness to market changes	Supports arrangements for ensuring effective consultation by market institutions and policy-makers improved. Significant and complex matters are at times released with 2 weeks or less consultation time.	Jemena (p. 10); ENA (p. 13).	Improvements to market institutions' processes are described in the governance section of the advice.
Governance	Responsiveness to market changes	Empowering different jurisdictions to take the lead on driving national reform through the Council on different issues may help to improve the implementation of agreed national reforms across all jurisdictions, and would reduce the duplication of work between States and ensure national consistency.	AGL (p. 11).	The Discussion paper discussed the option of derogations being treated as trials or pilot programs, with formal assessment to consider whether specific jurisdictional arrangements should be adopted more widely in the NEM.
Other		AEMC's deliberation of market changes should consider the impact on contract markets. Maintaining or improving contract market liquidity should form part of the AEMC's decision making process.	Hydro Tasmania (p. 5).	This was discussed in detail in the Discussion paper, and is reflected in the integrating environment and energy policies section.
Other		The interaction of the RIT-T with	TransGrid (p. 2); ENA (p. 12).	The need to have network investments

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		NEM-wide system planning and priority transmission investments should be identified as a priority workstream.		coordinated with generation investment is identified as one of the strategic priorities.
Other		AEMC's advice should have a more forward-looking orientation.	Energy Queensland (p. 3); ENA (p. 3).	The outlook section of the advice provides a perspective on where the industry is heading, and is the foundation on which the priorities, goals and initiatives are proposed.
Other		AEMC should focus on the increased regulatory burden being placed on industry as a matter of priority as many stakeholders are currently experiencing review fatigue.	Alinta Energy (p. 1).	Noted.
Other		Some of the commentary concerning relationships between the wholesale market, the contract market, the role of renewable generation, demand response, and the role of gas in terms of overall system security and reliability make strong assumptions on matters that may evolve over time. Some of these positions should not necessarily be used to form the basis of policy direction without carefully considering how the energy market is changing over time.	AGL (pp. 1–2).	The outlook section of the advice provides a perspective on where the industry is heading, and is the foundation on which the priorities, goals and initiatives are proposed. If actual events differ from those anticipated, then review of the priorities and initiatives may be required.